

THE VET GAZETTE

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**MREIDL—SBA's loans
for reservists small
business owners...**

Military Reservist Economic Injury Disaster Loan Program

SBA's loans for reservists small business owners.

The military reservist economic injury disaster loan (MREIDL) program, created in 1999, provides financial relief to businesses experiencing hardships from loss of an essential employee called to active duty. Specifically, the loan provides funds to eligible small businesses to meet the normal and essential operating expenses that the business once met, but now is unable to do so because the key employee is on active duty fulfilling his or her role as a reservist.

MREIDL funding is intended to provide only the amount of working capital needed by a small business to pay compulsory obligations as they mature until operations return to normal after the principal employee is released from active military service. However, in covering these necessary obligations, it is important to remember that these loans cannot be used to cover lost income or profits, to replace regular commercial debt, to refinance long-term debt, or to expand the business.

Federal law requires SBA to determine whether credit in an amount needed to accomplish full recovery is available from non-government sources without creating an undue financial hardship on the applicant. Generally, SBA determines that over 90 percent of disaster loan applicants don't have sufficient pecuniary resources to recover without assistance from the federal government. Since MREID Loans are subsidized by taxpayers, Congress intended for applicants with the financial resources to fund their own recovery to do so without assistance for the federal government. Because of this requirement, business owners capable of financing their firms' recovery are ineligible for MREIDL assistance.

As with all SBA loans, the agency must have reasonable assurance that they can be repaid. This requirement pertains to business owners applying for a Military Reservist Economic Injury Disaster Loan, as well. The interest rate on an MERID Loan is 4 percent, and the maximum maturity for these type loans is 30 years. Collateral is a requirement for all MREIDLs over \$50,000, and while the agency will not decline a loan for lack of collateral; available collateral, which also can be real estate, must be pledged.

The statutory limit on MREID Loans is \$2,000,000; however, the amount of each loan up to the maximum is limited to the amount of the economic injury as calculated by SBA, not compensated by business interruption insurance or otherwise, and beyond the ability of the business owners to pay. If the business is a major source of employment, SBA has the authority to waive the \$2,000,000 statutory limit.

To protect the borrower and the agency, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (over \$50,000) must purchase and maintain hazard insurance for the life of the loan on collateral property; however, borrowers whose collateral property is located in a special flood hazard area must also purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

Reservist business owners may apply for an MREID Loan prior to deployment, or they may as small businesses affected by military deployment of key employees, take up to one year after the reservists has been discharged or released from active duty to apply for the economic injury disaster loan.

For more information on SBA's business assistance programs and services, visit

Helping small businesses



Your Small Business
Resource

www.sba.gov. For specific information about disaster assistance, visit <http://www.sba.gov/services/disasterassistance/index.html>, or for information on the agency's programs/services for veterans, visit www.sba.gov/vets.

Marketing Your Small Business to the Department of Interior (DOI)

The Office of Small Disadvantaged Business Utilization (OSDBU) at the Department of Interior provides outreach and assistance for procurement, contracting opportunities, and guidance to the Interior's contracting and management officials on small businesses, small disadvantaged, women-owned, service-disabled and veteran-owned businesses and businesses located in Historically Underutilized Business Zone (HUBZone) areas,

In seeking contracting opportunities with DOI, the OSDBU office expects you to focus on how your company can related to the mission of the department, which is to:

- Protect the environment and preserve our nation's natural and cultural resources;
- provide recreation for America;
- Manage natural resources for a healthy environment and strong economy;
- Provide science for a changing world;
- Meet our trust responsibilities to Native American Tribes and our commitments to Island communities.

In marketing your small firms to the Department of Interior, your capability statements should reflect how your company can assist DOI in fulfilling this mission.

MARKETING YOUR CAPABILITIES

The best and most productive marketing approach for a small business contractor is "Do It Yourself." Do not depend on the government or others

to locate contracting opportunities for you.

Prepare detailed capability statements/brochures for distribution to agencies (include NAICS codes). Be specific in describing the capabilities of your firm. Indicate prior experience, prior government contracts, references, etc.; and if you have multiple skills, market those of which a particular agency buys the most.

To bid on federal contact opportunities, your firm must be registered in the Central Contractor Registration database @ <http://www.ccr.gov>, or via the Business Partners Network at www.bpn.gov. BPN has a link that will connect you with the CCR.

Since federal contracting opportunities are posted on fedbizopps (www.fbo.gov), to access, review, and search for solicitations which your company can perform or fulfill, your firm must be registered in the CCR to gain access to fedbizopps.

RECOMMENDED VENDOR MARKETING TECHNIQUES

Become thoroughly familiar with the federal agencies, their components, their missions, and how these are accomplished. Today's websites achieve this by providing information about agencies missions, their components, business/contracting opportunities and staff.

Learn as much as possible about the federal acquisition system by reviewing information on the Acquisition Reform Network @ www.arnet.gov and SBA's website. If you need assistance in understanding acquisition terminology, processes, policies and procedures; or if you need assistance in understanding how to navigate through the federal contracting arena, remember the Office of Small Disadvantaged Business Utilization staff can assist you. There are OSDBU staff in each federal agency ready to assist you and answer your questions.

Other resources that can assist you with federal government contracting opportunities are the Procurement Technical Assistance Centers or PTACs.

PTACs can help with pre- and post contract compliance, help identify what federal agencies purchase and their acquisition staff, and help with understanding Federal Acquisition Regulations. For a listing of PTACs locally visit, www.ptac-us.org.

Above all when marketing your small business to DOI or any government agency, don't hesitate to **ASK QUESTIONS!** For a listing of DOI's OSDBU small business staff visit http://www.doi.gov/osdbu/SBS_by_Bureau_Sep_4_08.xls.

Starting a business in these Tough Times? By Darcella Craven of VETBiz

Doesn't it seem counter-intuitive to think of opening a business in these tough economic times, considering how so many well-established large and small businesses are closing at an alarming rate?

With the bail out of Wall Street and possibly the automotive industry, isn't it just a bit unnerving to consider starting a small business or any business in such uncertainty? Now, if you consider the statistics that show that many small businesses fail within the first three years, are you absolutely sure now is the time to start a small business? Doesn't that discourage you from wanting to start a business?

Actually, it shouldn't. Research shows that during times of deep unemployment, American entrepreneurship rises and more new businesses are born. This is the perfect time to consider starting a small business for many reasons. You

might have just been laid off with 12,000 of your closest friends who are looking for work in the same area in the same field as you are. Or, maybe you are suffering from “survivor’s guilt” since you were not downsized but the people in the cubicles next to you were. Perhaps, you are just transitioning from 20 years of service, and you are only 40 years old — way too young to retire. Whatever your reason for thinking about entrepreneurship, there is no better time like the present time. But, as with all things, you did while you were in the service, you need to plan.

Here are a few things to do while you prepare to think about starting a business in 2009.

Take Inventory of you—I am not just talking about education and experiences in the field you were working in, but what makes you happy. What is that thing that you always wanted to do? You might have to think back to pre-service days or maybe even childhood.

Were you always good with your hands? Did you color people green, trees pink and skies purple? Did you love reading, finding, and correcting mistakes in books? Did you solve the Rubik’s Cube in less than a minute, or did you see Sudoku solutions as soon as you looked at the page? Do you know all there is to know about Barbies, a particular artist, cars, or a country?

These might all lead you to the perfect business to start. But, you won’t know until you inventory yourself.

Start thinking like a boss, not an employee—Begin thinking globally about your situation, and what your business can contribute to the broader community. Entrepreneurs are always thinking about how their service adds value to someone or something else. How does what you do help reach a goal for another entity? You cannot just think about the immediate steps, but the next three to five steps as well.

What do you want out of life? - There is the obvious: pay bills, eat, and send the kids through school. But, those are always there. What about the relationship you have with your family and friends? What about the end of your work life when you are ready to retire? How does what you do affect those things?

Knowing what makes you want to live and be what you want to be is going to help your potential business be strong and survive through any time—even the tough ones.

Vets Offered Business Repair Loans

The Oregon Department of Veterans Affairs (ODVA) is offering a zero-interest small business repair loan to help veterans get their businesses back on track.

The program, aimed directly for National Guard and Reserve veterans, is designed to help veterans whose businesses suffered setbacks during their deployment, and to help them recover their businesses when they return home, so they are employed and can employ others.

The Small Business Repair Loan program offers a zero-percent interest rate and loans up to \$20,000.

Applicants must be honorably discharged veterans, own 51 percent of their businesses, and the businesses must have had a setback when the veterans were deployed.

Qualifying veterans must apply for this loan within one year of returning from deployment.

For more information on the Small Business Repair Loan, please contact ODVA at **888-673-8387** or **503-373-2070**.

Environmental Scanning — A Business Technique Used to Identify Business Opportunities and Threats

Environmental scanning is a business management technique used by established businesses to identify business opportunities, as well as business threats. It is used typically as part of business strategic planning/decision making efforts, but it may also be used to simply gather information from the environment to achieve better sustainable growth.

All successful established businesses are at some point-in-time required to consider growth efforts. This could mean expanding the firm in its current industry, provided that the market is not saturated or declining; diversifying into other industries, or seeking new markets. Whichever direction, you choose environmental scanning will help you gather the necessary business data and information to make informed decisions on opportunities as they avail themselves and on threats that may impact operations adversely.

When scanning the environment look for economic data from:

- the 12-leading large industry indicators published by the Department of Commerce,
- Industry periodicals,
- Local industries associations,
- Federal Reserve Banks,
- Local chambers of commerce,
- The Wall Street Journal,
- Nightly news business reports, and
- The public library.

Gather information that will aid you in determining what, if any business opportunities will arise, how you can position your firm to take advantage of these opportunities before you

competitors do, and what measures you can implement to prevent or at best lessen the adverse impact of threats to the firm.

Once you have gathered enough data, assess its present and future impact on your firm. Consider, for example the current economy. A downturn in the housing and automobile industries means layoffs for thousands of workers. These reductions in staff translate into reduced disposable personal income for consumers, which means less people have money to purchase goods and services. This turn of events may affect the current and future demand for goods or services from your company as the ranks of the unemployed grow.

Environmental scanning allows for identification of such threats and time to develop plans to reduce the impact of the potential loss of revenue. It gives business owners and managers a clear picture of the negative impact before it happens and time to have in place measures for its prevention or reduction. Conversely, it may provide a picture of upcoming business opportunities and allow time for you to implement plans to take advantage of these prospects.

Conducting a SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) will engage staff in helping to identify internal/external strengths and weaknesses, potential business opportunities, and possible threats. When engaging in such analyses, consider the following possibilities for each of these SWOT categories :

- **Company's Strengths:**

1. Quality product or service
2. High demand for product
3. Company is well-known with a good reputation
4. Strong knowledgeable sales people at the top
5. Current market share expanding

6. Revenue up— more money can be channeled into marketing/promotion efforts

7. Effective marketing/branding strategies and campaigns.

- **Company's weaknesses:**

1. Sales people don't always follow procedures
2. Equipment/automated systems aging
3. Managers slow in addressing internal problems that may inhibit rapid implementation of plans to take advantage of potential business opportunities
4. Distribution channels slow; may need to use another distributor.

- **Opportunities**

1. Within close proximity to two small towns where you have limited your marketing efforts. Begin a more aggressive marketing/promotional campaign in these townships.
2. New plant is opening that uses competitor's products. Engage in discussions with upper managers to try your products...stress proximity, convenience, and quality as selling points.
3. Offer co-op advertising with new plant.
4. Two competitors are downsizing; opportunity to further expand market share and hire more qualified staff.

- **Threats**

1. Banks implementing more stringent loan procedures/requirements
2. Competitor offering a comparable product at a lower price.
3. Competitor lured two highly qualified employees away with higher pay.
4. Competitor offers a better benefits package.

By conducting a SWOT analysis you can now begin to implement action plans that will thwart threats to your firm while identifying the resources and staff needed to take advantage of pending business opportunities. Such planning if timely will

enable you to take advantage of opportunities before your competitors do.

Various types of environmental scanning

There are various categories of environmental scanning techniques you as a business owner may use to identify business opportunities or to simply position your firm to achieve better sustainable growth.

Typical methods of environmental scanning are:

1. **Ad-hoc scanning**—short term, infrequent examinations usually initiated by a crisis.
2. **Regular scanning**—studies done on a regular schedule (perhaps once a year).
3. **Continuous scanning**—(also called continuous learning) - continuous structured data collection and processing on a broad range of environment factors.

While all techniques are useful, most industry experts agree that in today's turbulent business environment, the best scanning method is continuous scanning. Whatever techniques you use, remember all are designed to stave off threats and expand opportunities.

Timber Creek Forest Products by CA VBOC

Keith McCollum has been a client of the California Veteran Business Outreach Center commencing February 2008. Mr. McCollum is the president of Timber Creek Forest Products, which was established in 1998. Mr. McCollum contacted the Veterans Business Outreach Center with the request for assistance in obtaining the Patriot Express Loan and expanding his current business initiative.

Timber Creek Forest products is a privately-owned lumber business producing custom milled lumber products for the last ten years. The business operates from a prior mill site of 80 plus acres with an infrastructure of 60,000 sq ft drying sheds, 30,000 sq ft partially enclosed building housing a vertical band mill, 25,000 sq ft enclosed shop, 50,000 sq ft truck shop, and 40,000 sq ft firewood production building and 30 acres of paved log yard. Services range from logging operations, custom milling, production of riddling, racks, and grilling planks.

Timber Creek Forest Products provides custom flooring, wainscoting, and molding. Timber Creek Forest Products is able to retain six employees in various positions, such as loggers, mill workers and clerical support. This is an admirable responsibility in today's economic times.

Their plans for expansion predict to provide an economic stimulus for the Hayfork area, this growth plan is slated to create new jobs for additional timber workers.

Timber Creek is in the process of securing financing for expansion of services. The VBO Center plans on continuing to work with Timber Creek and their initiative to secure funding for expansion.

VA Opening 31 New Outpatient Clinics

Veterans will have easier access to world-class health care under a Department of Veterans Affairs (VA) plan to open 31 new clinics in 16 states.

The location of these new outpatient clinics are Alabama, Arkansas, California, Florida, Georgia, Hawaii, Illinois, Iowa, Maryland, Michigan, Minnesota, Mississippi, Missouri, North Carolina, Pennsylvania and Vermont.

With 153 hospitals and about 745 community-based clinics, the VA operates the largest integrated health care system in the country. VA's medical care budget of more than \$41 billion this year will provide health care to about 5.8 million people during nearly 600,000 hospitalizations and more than 62 million outpatient visits.

The community-based outpatient clinics, or CBOCs, will become operational by late 2010, with some opening in 2009. Local VA officials will keep communities and their veterans informed of milestones in the creation of the new CBOCs.

State and Territorial Support for Members of the National Guard, the Reserves and Their Families

The nation's governors are finding new ways to support the men and women of the U.S. military and their families, according to a recent survey by the National Governor's Association (NGA). With more than 40 percent of National Guard and reserves engaged in overseas military operations to support the war of terror, governors are going well beyond the federal requirements, offering expanded benefits, such as health care cost, life insurance, unemployment benefits and emergency financial assistance, etc.

The NGA survey places these benefits into six categories. Following is a brief synopsis of these categories.

State Employees Benefits. Twenty-seven states and territories provide their state employees the difference between their regular pay and their National Guard pay when they are on active duty.

Education Benefits. Approximately 48 states /territories offer some form of educational benefits to members of the Guard and their families as well as other military families.

Family Support. According to the NGA survey, approximately 52 states and territories offer one or more of the following programs and benefits to families; extending hiring, preferences for state jobs to spouses of military personnel; giving

OTHER RESOURCES

<http://www.irs.gov/>
www.military.com
www.vetjobs.com
www.publicforuminstitute.org
www.commerce.gov
www.hirevetsfirst.gov
www.hirevestfirst.gov/smallbizown.asp
www.dol.gov
www.ssa.gov/emergency
www.ssa.gov
www.sba.tmonline
[ESGR Programs](#)
[ESGR Tips for Military Members](#)
[Veterans Business Outreach Center: Serving the Veterans of New York State](#)
[Veterans Business Outreach Center – University of West Florida](#)
[Veterans Business Outreach Center – Robert Morris University](#)
[Veterans Business Outreach Center – The University of Texas-Pan American](#)
[Veterans Business Outreach Center – California VBOC](#)
[Office of Advocacy](#)
<http://www.apta-us.org/new/>
www.nchv.org
Kauffman eVenturing www.eVenturing.org

credit counseling to spouses and family members; offering family survivor benefit plans; offering free access to video teleconferencing centers, etc.

Tax and Financial Benefits. Around 46 states/territories offer some form of tax relief or extension of filing deadlines for National Guard and Reserve members on active duty.

Licensing, Registration & Fees. About 43 states/territories extend or waive deadlines for professional license and drivers license renewals.

Protection, Recognition & Employment Support. Forty states/territories provide benefits such as cost of living pay increases, reemployment protection, protecting families from foreclosure. For more information visit on these benefits visit <http://www.nga.org/Files/pdf/05guradsurvey.pdf>.

VETERANS WE SALUTE YOU